

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission)	
On Its Own Motion)	
)	Docket No. 06-0526
Consideration of the federal standard on)	
time-based metering and communications in)	
Section 1252 of the Energy Policy Act of 2005)	

**INITIAL COMMENTS
ON BEHALF OF
THE AMEREN COMPANIES**

INTRODUCTION

At the status hearing on August 22, 2006, the Administrative Law Judge (ALJ), after consultation with the parties, indicated Initial and Reply Comments would be appropriate to address whether consideration of the federal standard on time-based metering and communications as per Section 1252 of the Energy Policy Act of 2005 (EPAAct of 2005), has been met by virtue of a comparable standard. The ALJ directed the parties to answer the question posed by the Commission in the first ordering paragraph of the order initiating the docket (Tr. at 34) to wit:

"IT IS THEREFORE ORDERED by the Illinois Commerce Commission that a rule-making proceeding is instituted to consider, and make a determination concerning, whether or not this Commission will adopt the policies prescribed in the standard established under new Section 111(d)(14) of PURPA (16 U.S.C. 2621(d)(14)) for the electric utilities that meet the retail sales criteria in PURPA".

The Commission's Order notes that the requirements of Section 1252(g) of EPAAct may not apply if the state has implemented a standard or comparable standard, or if the Commission has conducted a proceeding to consider such a standard in the previous

three years, or that the state legislature has voted on the implementation of a standard or comparable standard within the previous three years. (Order at 3).

16 U.S.C. 2621(d)(14) (the Standard) requires the electric utility to offer each of its customers a time-based rate schedule under which the rate charged by the electric utility varies during different periods and reflects the variance of the utility's cost of purchasing electricity at the wholesale level. The Staff Report to the Commission provided examples of the time-based rate schedule, including time of use rates, critical peak pricing rates, real time pricing rates, and capacity credits for large customers. The Standard also requires electric utilities to provide each customer requesting a time-based rate with a time-based meter.

It is the view and judgment of the Ameren Companies, that in fact there is a comparable standard in place, and that the Ameren Companies have or will meet the objectives outlined in the EPA Act amendment to the Public Utility Regulatory Policies Act of 1978.

DISCUSSION

In its competitive procurement auction cases (Docket Nos. 05-0160 cons.), the Ameren Companies proposed the following tariffs: Rider RTP – Real-Time Pricing (Rider RTP) and Rider RTP-L – Real-Time Pricing-Large (Rider RTP-L), which were approved by the Commission in its January 2006 Order. Specifically, Rider RTP-L is available to customers with individual demands equal to or greater than 1 MW. All energy provided under Rider RTP-L is priced based on the hourly wholesale market price. The tariff for Rider RTP-L contains two primary components for real-time service: energy at MISO locational marginal hourly prices at the respective Ameren delivery

point, and a supplier-based capacity demand charge. Rider RTP provides for real-time pricing for customers with individual demands of less than 1 MW. The pricing for Rider RTP contains the same primary components as Rider RTP-L for real-time service.

The Ameren Companies also provide basic generation service under Rider BGS – Basic Generation Service (Rider BGS) and Rider BGS-L – Basic Generation Service – Large. Through various formulae within Rider MV, prices are translated into seasonal and peak and off-peak values, as applicable, for use in calculating individual supply-related charges in the Ameren Companies' basic generation service tariffs. These formulae or methodologies take into account relevant characteristics of the retail customers in the service territories.

Most recently, in the pending delivery service tariff rate cases (Docket Nos. 06-0070 cons.), the Ameren Companies have, along with the Citizens Utility Board, proposed a real-time pricing program for residential customers in the form of Rider ESP – Energy Smart Program (Rider ESP). Among other features, the program calls for the use of a third party facilitator. The price for power supply under the tariff will be determined in accordance with Rider MV. A Commission Order in the delivery service tariff rate cases is expected sometime in mid to late November 2006.

Continuing, on or about June 30, 2006, Public Act 094-0977 was made law. The new law amended Section 16-107 of the Customer Choice Law and requires each electric utility to file a tariff allowing residential retail customers to elect real-time pricing beginning January 2, 2007. The customer electing real-time pricing under this particular tariff would be required to remain on the rate for a minimum of 12 months. Each utility is required to install a meter capable of recording hourly interval energy use at the

service location of each customer as well. In addition, similar to the Rider ESP pending in the current delivery service tariff cases, the amendment to Section 16-107(b-15) requires the electric utility to contract with a third-party facilitator, a program administrator, who among other qualifications, must have the technical and managerial competence in the development and administration of demand management programs, as well as in risk management, energy efficiency and other services related to energies management. The Ameren Companies anticipate making a tariff filing in response to the new legislation in the very near future.

The Standard, as stated above, requires that each customer requesting a time-based rate is to be provided a time-based meter capable of enabling the utility and customer to offer and receive such rate. For the Ameren Companies, any customer taking real-time pricing service, whether in the form of Rider RTP, Rider RTP-L, Rider ESP, or that to be offered in response to the recent legislation, will have such a meter in place, capable of registering and storing hourly usage data throughout the monthly billing period.

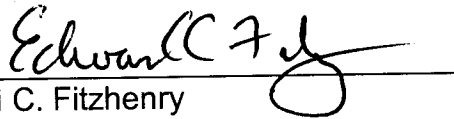
Section 1252(b) of EPAAct also requires that the time of day rate be shown to be cost effective. The cost effective test or standard is that the long run benefits of such rate to the electric utility and to its customers are likely to exceed the metering and communication costs and other costs associated with the use of such rate. As noted above, the newly enacted legislation calls for a net economic benefit test determination, thus meeting the criteria set forth in Section 1252(b).

CONCLUSION

In summary, the approved Rider RTP and Rider RTP-L tariffs and Rider ESP to be filed pursuant to PA 094-0977, meet the comparable standard. In addition, the Companies' Basic Generation Service tariffs meet the comparable standard for offering a time-based rate schedule under which the rate charged by the electric utility varies during different time periods and reflects the variance, if any, in the utility's costs of generating and purchasing electricity at the wholesale level. General Service and Large General Service customers served under Rider BGS and Rider BGS-L also have advanced metering and communications technology.

Dated: September 27, 2006

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, hereby certify that a copy of the foregoing was served electronically to all parties of record and e-Docket on this 27th day of September, 2006.

A handwritten signature in black ink, appearing to read "Edward C. Fitzhenry", written over a horizontal line.

Edward C. Fitzhenry